

Combine Will International Holdings Limited
(Incorporated in Cayman Islands)
(Co. Reg. No: MC-196613)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income statement for the quarter ended 31 March 2010

	The Group			
	3 months ended 31 March			
	2010	2009	Change	%
	HK\$'000	HK\$'000	HK\$'000	
Revenue	377,834	201,879	175,955	87.16
Cost of sales	(318,981)	(174,270)	144,711	83.04
Gross Profit	58,853	27,609	31,244	113.17
Other income	2,127	7,610	(5,483)	(72.05)
Selling and distribution expenses	(5,058)	(4,204)	854	20.31
Administrative expenses	(28,303)	(26,608)	1,695	6.37
Profit From Operations	27,619	4,407	23,212	526.71
Finance costs	(3,182)	(1,660)	1,522	91.69
Profit Before Tax	24,437	2,747	21,690	789.59
Income tax expense	(3,626)	(603)	3,023	501.33
Profit for the period	20,811	2,144	18,667	870.66
Attributable to:				
Owners of the Company	18,818	3,419	15,399	450.39
Non-controlling interests	1,993	(1,275)	3,268	256.31
	20,811	2,144	18,667	870.66

1(a)(ii) Statement of Comprehensive Income for the quarter ended 31 March 2010

	The Group			
	3 months ended 31 March			
	2010	2009	Change	%
	HK\$'000	HK\$'000	HK\$'000	
Profit for the period	20,811	2,144	18,667	870.66
Other comprehensive income				
Exchange difference on translating foreign operations	(58)	4,805	(4,863)	(101.21)
Other comprehensive income for the period, net of tax	(58)	4,805	(4,863)	(101.21)

Total comprehensive income for the period	20,753	6,949	13,804	198.65
Attributable to:				
Owners of the Company	18,760	8,224	10,536	128.11
Non-controlling interests	1,993	(1,275)	3,268	256.31
	20,753	6,949	13,804	198.65

Note:

The Group's profit before tax is arrived at after charging / (crediting):

	3 months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
Depreciation	12,641	11,431
Amortization of prepaid land lease payments	79	77
Gain on disposals of property, plant and equipment	-	(2)
Interest income	(95)	(28)
Interest on bank loans and overdrafts	3,181	1,657
Finance lease charges	1	3
Exchange difference, net	391	977

1(b)(i) A balance sheet (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	At 31.3.2010	At 31.12.2009	At 31.3.2010	At 31.12.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Prepaid land lease payments and land use rights	13,324	13,404	-	-
Property, plant and equipment	229,081	228,220	-	-
Investments In Subsidiaries	-	-	310,205	310,205
Goodwill	2,417	2,417	-	-
Available-for-sale financial assets	-	-	-	-
	244,822	244,041	310,205	310,205
Current assets				
Inventories	352,288	276,027	-	-
Trade and bills receivables	277,002	256,279	-	-
Prepayments, deposits and other receivables	81,516	80,754	-	-
Current tax assets	11,615	10,880	-	-
Due from Subsidiaries	-	-	152,834	152,834
Bank and cash balances	103,217	179,058	109	109
	825,638	802,998	153,943	152,943
Total assets	1,070,460	1,047,039	463,148	463,148
Current liabilities				
Trade and bills payables	165,790	125,593	-	-
Accruals and other payables	124,740	100,082	455	455
Short-term borrowings	225,279	287,135	-	-
Current portion of long-term borrowings	12,270	12,269	-	-
Finance lease payables	39	67	-	-
Current tax liabilities	20,314	17,183	-	-
	548,432	542,329	455	455
Non-current liabilities				
Long-term borrowings	29,300	32,735	-	-
Deferred tax liabilities	3,140	3,140	-	-
	32,440	35,875	-	-
Total liabilities	580,872	578,204	455	455
	489,588	468,835	462,693	462,693
Equity attributable to owners of the Company				
Share capital	246,000	246,000	246,000	246,000

Reserves	231,225	212,465	216,693	216,693
	477,225	458,465	462,693	462,693
Non-controlling interests	12,363	10,370	-	-
Total equity	489,588	468,835	462,693	462,693

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 March 2010	As at 31 December 2009
Secured	Secured
HK\$'000	HK\$'000
237,588	299,471

Amount repayable after one year

As at 31 March 2010	As at 31 December 2009
Secured	Secured
HK\$'000	HK\$'000
29,300	32,735

Details of collaterals

The Group's banking facilities are secured by cross corporate guarantees executed by the group companies' and the Group's prepaid land lease payments and buildings with a carrying amount of HK\$11.4 million as at 31 March 2010.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	3 months ended	
	31 March	
	2010	2009
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before tax	24,437	2,747
Adjustments for :		
Depreciation and amortization	12,720	11,508
Gain on disposals of property, plant and equipment	-	(2)
Interest income	(95)	(28)
Finance costs	3,182	1,660
Operating profit before working capital changes	40,244	15,885
Increase in inventories	(76,261)	(13,022)
(Increase)/Decrease in trade and bills receivables	(20,723)	4,440
Increase in prepayments, deposits and other receivables	(762)	(1,327)
Increase in trade and bills payables	40,197	3,194
Increase /(Decrease) in accruals and other payables	24,658	(11,401)
Cash generated from /(used in) operations	7,353	(2,231)
Income tax paid	(1,230)	(17,726)
Interest paid	(3,181)	(1,657)
Net cash generated from /(used in) operating activities	2,942	(21,614)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,666)	(7,384)
Proceeds from disposal of property, plant and equipment	-	2
Interest received	95	28
Net cash used in investing activities	(13,571)	(7,354)
Cash flows from financing activities		
Inception of new short-term bank loans	-	20,000
Repayment of short-term borrowings	(3,024)	-
Repayment of long-term borrowings	(3,434)	-
Net repayment of trust receipt and import loans	(58,832)	(14,187)
Interest on finance lease payables	(1)	(3)
Net repayment of finance lease payables	(28)	(24)
Net cash (used in) /generated from financing activities	(65,319)	5,786
Net decrease in cash and cash equivalents	(75,948)	(23,182)
Cash and cash equivalents at beginning of the period	179,058	105,769
Net effect of exchange rate changes in consolidating subsidiaries	107	4,859
Cash and cash equivalents at end of the period	103,217	87,446

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to the owners of the Company							Minority interests HK\$'000	Total HK\$'000
	Share capital	Share premium	Merger reserve	Statutory reserve	Translation reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2010	246,000	26,488	-	2,057	27,306	156,614	458,465	10,370	468,835
Total comprehensive income for the period	-	-	-	-	(58)	18,818	18,760	1,993	20,753
At 31 March 2010	246,000	26,488	-	2,057	27,248	175,432	477,225	12,363	489,588
At 1 January 2009	246,000	26,488	-	2,057	19,220	128,709	422,474	9,427	431,901
Total comprehensive income for the period	-	-	-	-	4,805	3,419	8,224	(1,275)	6,949
At 31 March 2009	246,000	26,488	-	2,057	24,025	132,128	430,698	8,152	438,850

The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2010	246,000	26,488	130,205	60,000	462,693
Total comprehensive income for the period	-	-	-	-	-
At 31 March 2010	246,000	26,488	130,205	60,000	462,693
At 1 January 2009	246,000	26,488	130,205	-	402,693
Total comprehensive income for the period	-	-	-	-	-
At 31 March 2009	246,000	26,488	130,205	-	402,693

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the three months ended 31 March 2010, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

As at 31 March 2010, there were no outstanding share options / warrants / convertible securities / treasury shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

328,000,000 ordinary shares of HK\$0.75 each as at 31 March 2010 and 31 December 2009.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in preparing for the audited financial statements for the year ended 31 December 2009 except as described in paragraph 5.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for accounting period beginning on 1 January 2010. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period.

- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months ended 31 March	
	2010	2009
	HK cents	HK cents
Earnings per ordinary share for the period based on the net profit for the period		
(a) Based on weighted average number of ordinary shares on issue; and	5.74	1.04
(b) On a fully diluted basis	N/A	N/A

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK\$18,818,000 (Q1 2009: HK\$3,419,000) by the weighted average number of ordinary shares in issue of 328,000,000 (Q1 2010: 328,000,000) during the Q1 2010.

No diluted earnings per share had been presented as the Group did not have any dilutive potential shares for the Q1 2010 and Q1 2009.

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital at the end of the year:	145.50	139.78	141.06	141.06
Number of ordinary shares in issue	328,000,000	328,000,000	328,000,000	328,000,000

Net asset value per share as at 31 March 2010 was computed based on issued share capital of 328,000,000 (At 31 December 2009: 328,000,000) ordinary shares of HK\$0.75 each.

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Revenue

Comparing with Q1 2009, the Group's overall revenue increased by 87.2% in Q1 2010. This is largely a result of significantly improved performance in the ODM/OEM and Machine Sales segments. The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	Comments
ODM/OEM	+124.5m	Growth in sales as a result of economic recovery.
Moulds and Toolings	-1.1m	Received orders that need longer production period.

Machine Sales	+52.6m	Growth in sales as a result of economic recovery.
---------------	--------	---

Increase/Decrease in revenue by geographical segments for Q1/2010

Region	(+/-) in HK\$	%	Comments
Asia	+92.4m	+63.0	Mainly from ODM/OEM business and Machine sales business.
North America	+79.0m	+581.2	Mainly from ODM/OEM business.
Europe	+4.6m	+10.7	Mixed increase in ODM/OEM and partially offset by decrease in Moulds and Tooling business segment.

8.2 Gross profit and gross profit margin

In Q1 2010, the Group's gross profit increased by 113.2% to HK\$58.9 million, generating gross profit margin of 15.6% (Q1 2009: 13.7%). The breakdown according to business segments is as follows:

Business Segment	(+/-) in HK\$	%	Comments
ODM/OEM	+24.9m	+159.9	Arising from better production efficiency and control of production cost.
Moulds and Toolings	-1.6m	-17.3	A higher proportion of relatively lower margin moulds delivered.
Machine Sales	+7.9m	+262.4	Direct result of market recovery.

8.3 Other Income

The Group's other income decreased by 72.05% to HK\$2.1 million, mainly due to a decrease in mould engineering income by ODM/OEM business segment.

8.4 Selling and distribution expenses

The increase in selling and distribution expenses is mainly due to the increase of transportation expenses as a result of increased sales in ODM/OEM business segment.

8.5 Administrative expenses

The Group's administrative expenses increased by 6.37% to HK\$28.3 million in Q1 2010 mainly as a result of increase in salaries and welfare payments.

8.6 Finance Costs

Finance costs increased by 91.69% to HK\$3.2 million due to higher utilization of banking facilities in response to the additional financing requirements for the increase in turnover in the ODM/OEM segment.

Financial position

8.7 Non-current assets

- The Group's non-current assets increased by 0.3% to HK\$244.8 million as at 31 March 2010, due mainly to an increase in property, plant and equipment of HK\$13.7 million which was partially offset against the depreciation expense of HK\$12.7 million charged for the year.

8.8 Current assets

As at 31 March 2010, the Group's current assets increased by 2.8% to HK\$825.6 million mainly due to:

- an increase in inventories of HK\$76.3 million due to customer delivery schedule;
- a decrease in bank and cash balances of HK\$75.8 million due mainly to the repayment of bank borrowings and the purchase of property, plant and equipment; and
- an increase in trade and bills receivables of HK\$20.7 million due to customer delivery schedule.

8.9 Current liabilities

As at 31 March 2010, the Group's current liabilities increased by 1.1% to HK\$548.4 million mainly due to:

- a decrease in short-term borrowings amounting to approximately HK\$61.9 million as a result of timely repayment
- an increase in trade and bills payables amounting to approximately HK\$40.2 million due to increase purchase to meet its production commitment; and
- an increase in accruals and other payables of HK\$24.7 million due to increase in purchase of production materials by ODM/OEM business segment; and
- an increase in current tax payable of HK\$3.1 million due to the increase of profit before tax.

8.10 Statement of Cash Flows

The Group's cash resources are considered adequate for current operational needs. The decrease in cash and cash equivalents held by the Group for the 3 months ended 31 March 2010 is mainly due to the increase in the working capital employed to fulfill the coming production commitments.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group is riding on the waves of global economic recovery. However, in view of the recent financial turmoil in Europe, increased inflation concern in China and the labour shortage problem in the Pearl River Delta Region, the Group is facing up to the challenges ahead and moving cautiously in expanding its production capacity in response to customers' demands and expanding into other geographical locations.

The OEM/ODM business unit is thriving on strong demand for our products. Its strategic emphasis in the near term is to contain costs and continuously improve productivity.

For the moulds / tooling business unit, though it has already been performing satisfactorily, further growth of the business is expected for the coming months.

The Machine Sales business unit is doing well, thanks to the strong economic performance of its principle market, the PRC.

The Board is optimistic that the Company could substantially improve its profitability in the near future.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the current period reported on.

13. Negative Assurance Confirmation Pursuant To Rule 705(4) of the Listing Manual

We, Tam Jo Tak, Dominic and Chiu Hau Shun, Simon, being two Directors of Combine Will International Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 3 months financial period ended 31 March 2010 to be false or misleading.

On behalf of the Board of Directors,

Tam Jo Tak, Dominic
Executive Chairman

Chiu Hau Shun, Simon
Executive Director

BY ORDER OF THE BOARD

Tam Jo Tak, Dominic
Executive Chairman

13 May 2010

The initial public offering for the shares of the Company on Singapore Exchange Securities Trading Limited was sponsored by HL Bank. HL Bank assumes no responsibility for the contents of this announcement.